‘A Conservative Climate Solution’: Republican Group Calls for Carbon Tax

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Highlight: A group of senior Republican figures, led by James A. Baker III, says that taxing carbon emissions is the fairest way to address a warming climate.

Body

A group of Republican elder statesmen is calling for a tax on carbon emissions to fight climate change.

The group, led by former Secretary of State James A. Baker III, with former Secretary of State George P. Shultz and Henry M. Paulson Jr., a former secretary of the Treasury, says that taxing carbon pollution produced by burning fossil fuels is “a conservative climate solution” based on free-market principles.

Mr. Baker is scheduled to meet on Wednesday with White House officials, including Vice President Mike Pence, Jared Kushner, the senior adviser to the president, and Gary D. Cohn, director of the National Economic Council, as well as Ivanka Trump.

In an interview, Mr. Baker said that the plan followed classic conservative principles of free-market solutions and small government. He suggested that even former President Ronald Reagan would have blessed the plan: “I’m not at all sure the Gipper wouldn’t have been very happy with this.” He said he had no idea how the proposal would be received by the current White House or Congress.

A carbon tax, which depends on rising prices of fossil fuels to reduce consumption, is supported in general by many Democrats, including Al Gore. Major oil companies, including Exxon Mobil, have come out in favor of the concept as well.

The Baker proposal would substitute the carbon tax for the Obama administration’s Clean Power Plan, a complex set of rules to regulate emissions which President Trump has pledged to repeal and which is tied up in court challenges, as well as other climate regulations. At an initial price of $40 per ton of carbon dioxide produced, the tax would raise an estimated $200 billion to $300 billion a year, with the rate scheduled to rise over time.

The tax would be collected where the fossil fuels enter the economy, such as the mine, well or port; the money raised would be returned to consumers in what the group calls a “carbon dividend” amounting to an estimated $2,000 a year for the average family of four.

The plan would also incorporate what are known as “border adjustments” to increase the costs for products from other countries that do not have a similar system in place, an idea intended to address the problem of other “free-rider” nations gaining a price advantage over carbon-taxed domestic goods. The proposal would also insulate fossil fuel companies against possible lawsuits over the damage their products have caused to the environment.

Attacks on the plan can be expected from many quarters, even among supporters of a carbon tax in theory. Supporters of the Clean Power Plan are likely to oppose its repeal. Democrats also tend to oppose limitations on the right to sue like those envisioned in the Baker proposal. And the idea of a dividend will no doubt anger those in

the environmental movement who would prefer to see the money raised by the tax used to promote renewable energy and other new technologies to reduce emissions.

It is also unclear how the plan will be received by the Trump administration. Stephen K. Bannon, the senior counselor to the president, has shown little interest in appeasing establishment Republicans. Breitbart News, which Mr. Bannon led before joining the Trump White House staff, has been outspoken in denying the science of climate change.

Whatever the fate of the plan, it is a notable moment because it puts influential members of the Republican establishment on the record as favoring action on climate change — a position that is publicly held by few Republicans at the national level, though many quietly say they would like to throw off the orthodoxy in the party that opposes action.

“This represents the first time Republicans put forth a concrete, market-based climate solution,” said Ted Halstead, an author of the paper and social entrepreneur whose organization, the Climate Leadership Council, is posting the memo outlining the plan. Mr. Halstead, who also founded the New America research institute, said the political left and right had stalled on climate action in part because they disagreed about the means to fixing the problem, even though they might find common ground.

Some popular environmentalists take stands that those on the right can never embrace, Mr. Halstead said, citing the works of Naomi Klein, who attacks capitalism itself as the root of climate change. “That is so at odds with the conservative worldview, of course they’re going to walk away,” he said. “The only way for this solution to come about is if it gets a start on the right.”

The other co-authors of the memo include N. Gregory Mankiw and Martin Feldstein, former chairmen of the Council of Economic Advisers, and Rob Walton, the former chairman of Wal-Mart.

A survey taken just after the 2016 election by the Yale Program on Climate Change Communication found that 66 percent of registered voters supported a carbon tax on fossil fuel companies, with the money used to reduce personal taxes. The party breakdown for that support was 81 percent of Democrats, 60 percent of independents and 49 percent of Republicans. Even among Trump voters, 48 percent support taxing fossil fuel companies, according to the Yale program.

Mr. Baker said it was time for the Republican Party to engage in the discussion of global warming beyond simple denial.

“It’s really important that we Republicans have a seat at the table when people start talking about climate change,” Mr. Baker said. He said that, like many Republicans, he was skeptical that human activity was the main cause of warming, but that the stakes were too high for inaction. “I don’t accept the idea that it’s all man made,” he said, “but I do accept that the risks are sufficiently great that we need to have an insurance policy.”

As for the likelihood of success of his plan, “I have no idea what the prospects are.”

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PHOTO: James A. Baker III, a former secretary of state, said a carbon tax plan followed conservative principles of a free market and small government. (PHOTOGRAPH BY LEXEY SWALL FOR THE NEW YORK TIMES)

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